



## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-93451; File No. SR-BX-2021-048]

### **Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Delay the Implementation of Request for PRISM**

October 28, 2021.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 14, 2021, Nasdaq BX, Inc. (“BX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to delay the implementation of an amendment to Options 3, Section 7(d)(1)(A) relating to “Financial Information eXchange” or “FIX” in connection with offering BX Participants the ability to utilize FIX to submit orders to its Price Improvement Auction (“PRISM”) mechanism.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

BX received approval<sup>3</sup> to amend Options 3, Section 7(d)(1)(A), relating to FIX, to offer BX Participants the ability to utilize FIX to submit orders to its PRISM mechanism. BX’s amendment permitted it to offer Participants a manner in which to send messages through FIX, to other BX Participants, for the specific purpose of requesting another BX Participant submit an “Initiating Order”<sup>4</sup> along with the sender’s PRISM Order<sup>5</sup> into the PRISM mechanism<sup>6</sup> for execution pursuant to Options 3, Section 13.

Specifically, the amendment expanded the capabilities of the FIX protocol to allow a BX Participant (sender) to utilize FIX to send a message to other BX Participants (responders) with an order the sender represents as agent (“PRISM Order”) on behalf of a Public Customer, broker dealer or other entity requesting the responders provide a contra-side Initiating Order (a “response”) and begin a PRISM auction (collectively a “Request for PRISM”).<sup>7</sup> If a BX Participant desires to respond to the request, the BX Participant adds an Initiating Order to the sender’s PRISM Order and submits the paired order directly into PRISM, through FIX, for processing in accordance with Options 3, Section 13.<sup>8</sup>

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<sup>3</sup> See Securities Exchange Act Release No. 91124 (February 12, 2021), 86 FR 10363 (February 19, 2021) (SR-BX-2020-033) (Order Granting Approval of a Proposed Rule Change To Utilize the FIX Protocol To Submit Orders to BX’s Price Improvement Auction Mechanism) (“Approval Order”).

<sup>4</sup> An Initiating Order is an order executed against principal interest or against any other order it represents as agent. See Options 3, Section 13.

<sup>5</sup> A PRISM Order is an order submitted by a BX Participant that it represents as agent on behalf of a Public Customer, broker dealer, or any other entity, electronically, for execution. See Options 3, Section 13.

<sup>6</sup> This proposal does not amend the PRISM rule within Options 3, Section 13 in connection with offering Participants the ability to submit a Request for PRISM through FIX.

<sup>7</sup> The Request for PRISM, if accepted and submitted into PRISM, would become the “PRISM Order” pursuant to Options 3, Section 13.

<sup>8</sup> BX Participants may elect to “opt in” to receive Requests for PRISM. BX Participants that do not elect to “opt in” will not receive such requests. Once a BX Participant elects to receive Requests for PRISM, they would receive all requests from any BX Participant

The Exchange originally intended to begin implementation of the proposed rule change by June 30, 2021<sup>9</sup> and subsequently extended the implementation until November 1, 2021.<sup>10</sup> At this time, the Exchange proposes to delay the implementation so that it would begin implementation prior to June 30, 2022. The Exchange will issue an Options Trader Alert to Participants with the date of implementation.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>12</sup> in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, by delaying the implementation of its amendment to Options 3, Section 7(d)(1)(A) to allow the Exchange additional time to develop and test this functionality. The Exchange believes that additional time to develop and test this functionality will ensure a successful launch of the functionality.

### B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposal to delay the adoption of the amendment to Options 3, Section 7(d)(1)(A)

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submitting a Request for PRISM. The BX Participant cannot elect to only receive requests from certain Participants and the sender may not elect to send the request to a select group of BX Participants.

<sup>9</sup> See Approval Order page 10364, "The Exchange intends to begin implementation of the proposed rule change by June 30, 2021."

<sup>10</sup> See Securities Exchange Act Release No. 91864 (May 12, 2021), 86 FR 27003 (May 18, 2021) (SR-BX-2021-022) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Delay the Implementation of BX's Request for PRISM).

<sup>11</sup> 15 U.S.C. 78f(b)

<sup>12</sup> 15 U.S.C. 78f(b)(5).

does not impose an undue burden on competition. Delaying the implementation of the functionality will allow the Exchange additional time to develop and test the functionality.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>13</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>14</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>15</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>16</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay the Exchange can extend the implementation date of the Request for PRISM functionality, consistent with this filing, prior to the November 1, 2021 date specified in its previous filing. The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission waives the 30-day operative delay and designates the proposed rule change

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<sup>13</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>14</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>15</sup> 17 CFR 240.19b-4(f)(6).

<sup>16</sup> 17 CFR 240.19b-4(f)(6)(iii).

operative upon filing.<sup>17</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-BX-2021-048 on the subject line.

##### Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-BX-2021-048. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the

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<sup>17</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to

make available publicly. All submissions should refer to File Number SR-BX-2021-048 and should be submitted on or before **[INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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<sup>18</sup> 17 CFR 200.30-3(a)(12).